339

REORGANIZATION

OF THE

BALTIMORE AND OHIO RAILROAD COMPANY.

PLAN AND AGREEMENT.

DATED JUNE 22d, 1898.

REORGANIZATION COMMITTEE.

LOUIS FITZGERALD, *Chairman.*
AUGUST BELMONT.
EDWARD R. BACON.
HENRY BUDGE.
EUGENE DELANO.
WILLIAM A. READ.
HOWLAND DAVIS.

WILLIAM C. GULLIVER,
Counsel to Reorganization Committee.

H. C. DEMING,
Secretary.

REORGANIZATION MANAGERS.

SPEYER BROTHERS,
7 LOTHBURY, LONDON.

SPEYER & CO.,
30 BROAD STREET, N. Y.

KUHN, LOEB & CO.,
27 PINE STREET, N. Y.

COUNSEL TO REORGANIZATION MANAGERS.

SEWARD, GUTHRIE & STEELE,
40 WALL STREET, N. Y.

EVARTS, CHOATE & BEAMAN,
52 WALL STREET, N. Y.

FRESHFIELDS & WILLIAMS,
LONDON.

ADVISORY COMMITTEE.

LOUIS FITZGERALD.
EDWARD R. BACON. HENRY BUDGE. WILLIAM A. READ.

WILLIAM C. GULLIVER,
Counsel to Advisory Committee.

ALVIN W. KRECH,
Secretary,
120 Broadway, N. Y.

DEPOSITARY.

THE MERCANTILE TRUST COMPANY OF NEW YORK.

LONDON AND WESTMINSTER BANK, LIMITED, LONDON AGENT.

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REORGANIZATION

OF

THE BALTIMORE AND OHIO RAILROAD COMPANY.

The undersigned Committee, at the request of holders of a large amount of the securities, has been for a long time past engaged in an examination of the affairs of The Baltimore and Ohio System and the relative value and earning capacity of the various lines comprised therein, with a view to formulating a plan of reorganization therefor which should fairly recognize the rights of all security holders, and at the same time bring the fixed charges of the reorganized Company safely within the net earning capacity of the system. Much time and attention have been devoted to acquiring full and accurate information as to all details, including a careful examination of the Company's accounts for the period of nine years and six months, made by Mr. Stephen Little on behalf of the Committee. The aim of the Committee has been to formulate a plan for the reorganization of the system which should accomplish the following results:

(*a*) The reduction of the fixed charges to a limit safely within the net earning capacity of the reorganized properties;

(*b*) Adequate capital for present and future requirements;

(*c*) The payment of floating debt and provision for existing car-trust obligations;

(*d*) The preservation of the integrity of the system as far as the same can be economically and advantageously accomplished and such control of the reorganized Company as shall secure a satisfactory management of the property for a period of years.

Having these objects in view, the annexed plan has been prepared, and Messrs. Speyer & Co. and Messrs. Kuhn, Loeb & Co., of New York, and Messrs. Speyer Brothers, of London, have been selected by the Committee to act as Reorganization Managers to carry out the plan.

Messrs. Louis Fitzgerald, Henry Budge, Edward R. Bacon and William A. Read have been appointed an Advisory Committee to continue and complete the work of the Reorganization Committee and to consult and co-operate with the Reorganization Managers. Any vacancy in the Advisory Committee occasioned by death, resignation or otherwise may be filled by the joint action of the Reorganization Managers and of the remaining members of the Advisory Committee.

LOUIS FITZGERALD,
AUGUST BELMONT,
EDWARD R. BACON,
HENRY BUDGE,
EUGENE DELANO,
WILLIAM A. READ,
HOWLAND DAVIS,

Reorganization Committee.

NEW YORK, June 22, 1898.

16095

PLAN FOR THE REORGANIZATION

OF

THE BALTIMORE AND OHIO RAILROAD COMPANY.

CONDITIONS OF PARTICIPATION.

Participation under this Plan of Reorganization in any respect whatsoever is dependent upon the deposit of securities with The Mercantile Trust Company, of New York, the Depositary named in the Reorganization Agreement, either at its office, No. 120 Broadway, in the City of New York, or at The London and Westminster Bank, Limited, its agency in the City of London, England, within such time as may be fixed by notice, and the Plan will embrace only securities so deposited. No securities will be received on deposit unless in negotiable form, and bonds must carry all coupons (or claims for interest on registered bonds) maturing on or after July 1, 1898. The First Mortgage Six Per Cent. Bonds of the Washington City and Point Lookout Railroad Company must also carry all matured and unpaid coupons.

Pursuant to the offer of the Syndicate hereinafter stated, holders of the first and second preferred and common stock of the Baltimore and Ohio Railroad Company may purchase from the syndicate the new preferred and common stock by depositing their old stock with The Mercantile Trust Company or its agency in London as above stated, on the following terms: As consideration for shares of the new Company, depositors of first preferred stock must pay $2 per share deposited, for new preferred and common stock; depositors of second preferred stock must pay $20 per share deposited, for new preferred and common stock, and depositors of common stock must pay $20 per share deposited, for new preferred and common stock, all as hereinafter indicated on page 10.

The payments by depositors of such preferred and common stocks must be made for account of the Syndicate at the offices of The Mercantile Trust Company in New York, or at its Agency in London above named, in not less than three installments at least thirty (30) days apart, when and as called for by advertisement published in each instance at least twice a week for two weeks in at least two of the daily newspapers of general circulation published in the Cities of New York, Baltimore and London respectively.

All payments must be receipted for by the Depositary or its London Agent on the Certificates of Deposit.

Failure to pay any installment when and as payable will subject the deposited stock and all rights on account of any prior payments to forfeiture to the Syndicate as provided in the Reorganization Agreement.

The Depositary will issue proper receipts or certificates of deposit for all securities deposited.

THE FOLLOWING BONDS, COUPONS AND STOCKS MAY BE DEPOSITED ON THE TERMS HEREINAFTER PROVIDED:

Baltimore and Ohio Railroad Company Bonds, Loan of 1853, Extended to 1935 at Four Per Cent.

Baltimore and Ohio Railroad Company 100-Year Five Per Cent. Consolidated Mortgage Bonds of 1888.

Baltimore and Ohio Railroad Company Sterling Six Per Cent. Loan of 1872, Due March 1, 1902.

Baltimore and Ohio Railroad Company Sterling Six Per Cent. Loan of 1874, Due May 1, 1910.

Baltimore and Ohio Railroad Company Six Per Cent. Loan of 1879, Due April 1, 1919 (Account Parkersburg Branch Railroad Company).

Baltimore and Ohio Railroad Company Five Per Cent. Bonds, Loan of 1885 (Account Pittsburgh and Connellsville Railroad Company).

Baltimore and Ohio Railroad Company Four and One-Half Per Cent. Terminal Mortgage Bonds of 1894.

Baltimore and Ohio Railroad Company Sterling Four and One-Half Per Cent. Loan of 1883, Philadelphia Branch.

Baltimore and Ohio Railroad Company Sterling Five Per Cent. Loan of 1877, Due June 1, 1927 Account Baltimore and Ohio and Chicago Railroad Company).

Baltimore and Ohio Railroad Company First Preferred Stock.

Baltimore and Ohio Railroad Company Second Preferred Stock.

Baltimore and Ohio Railroad Company Common Stock.

Pittsburgh and Connellsville Railroad Company First Mortgage Bonds, Extended to 1946 at Four Per Cent.

Pittsburgh and Connellsville Railroad Company First Mortgage Seven Per Cent. Bonds, due July 1, 1898.

Pittsburgh and Connellsville Railroad Company Six Per Cent. Consolidated Mortgage Bonds.

Akron and Chicago Junction Railroad Company First Mortgage Five Per Cent. Bonds.

Akron and Chicago Junction Railroad Company Preferred Stock.

Washington City and Point Lookout Railroad Company Six Per Cent. Bonds.

Matured and Unpaid Coupons (and claims for interest on registered bonds), appertaining to any of the above-named Bonds except those of the Washington City and Point Lookout Railroad Company may be deposited separate from the Bonds as hereinafter stated.

NEW RAILROAD COMPANY.

Unless the Reorganization Managers shall decide to proceed without foreclosure or sale, the various properties will be sold under foreclosure of one or more of the existing mortgages, or otherwise dealt with, and a successor company or companies will be organized. The term "New Company," as hereinafter used, is intended to mean either the existing company or the new proprietary company or companies which may be organized.

DEPOSITED SECURITIES.

The securities deposited hereunder will be held by the Depositary subject to the order and control of the Reorganization Managers as provided in the Reorganization Agreement.

All securities deposited under the Plan are to be kept alive so long as deemed necessary by the Managers for the purposes of reorganization or the protection of the New Company, or its security holders.

All matured and unpaid coupons and claims for interest on registered bonds, (excepting the unpaid coupons on the First Mortgage Six Per Cent. Bonds of the Washington City and Point Lookout Railroad Company, which matured and unpaid coupons, however, must be deposited with the bonds as above stated) may be deposited separate from the bonds, and the same will be paid in cash as soon as practicable after the plan is declared operative, with interest on such coupons (and claims for interest on registered bonds) at the rate of five per cent. per annum from the date of maturity up to the date when the same are finally paid. Interest will also be paid in cash upon the completion of the reorganization on all deposited bonds (excepting the First Mortgage Six Per Cent. Bonds of the Washington City and Point Lookout Railroad Company above mentioned), at the rate provided in the old bonds, up to July 1, 1898, from the coupon date last preceding.

The Syndicate will purchase such coupons (and claims for interest on registered bonds) matured prior to July 1, 1898, from holders who do not desire to deposit the same under the plan (provided, and so soon as, the bonds to which such coupons, and claims for interest on registered bonds, appertain, have been deposited), at their face value with interest at the rate of five per cent. per

annum from the respective dates of maturity of such coupons or claims for interest, to date of purchase, provided such coupons and claims for interest on registered bonds shall be presented for sale to the Syndicate, at the office of the Mercantile Trust Company in New York or at its London agency above mentioned, on or before July 22, 1898.

The Syndicate has agreed to purchase for cash, upon the Plan being declared operative, all Baltimore and Ohio Railroad Company 100-Year Five Per Cent. Consolidated Mortgage Bonds, deposited under the Plan, whose holders prefer to accept cash rather than to take the new securities, at the price (in New York) of 110 and interest accrued and unpaid since the maturity of the last paid coupon, provided such holders shall signify their election to take cash in the manner and within the time hereinafter limited: depositors electing to receive cash for their bonds must signify their election by presenting their Mercantile Trust Company certificates of deposit at the office of that Company in New York or at its London agency above specified, within sixty days from the time the Plan shall be actually issued, to be stamped as electing to accept such cash payment, and will thereupon be entitled to receive such cash payment so soon as the Plan is declared operative by the Reorganization Managers, upon surrender of their certificates of deposit so stamped.

NEW STOCKS AND BONDS.

The New Company is to authorize the following securities:

FIRST.

$70,000,000 PRIOR LIEN THREE AND ONE-HALF PER CENT. GOLD BONDS, DUE 1925.

These bonds will bear interest from July 1, 1898, and are to be secured by a mortgage upon the Main Line and Branches, Parkersburg Branch and Pittsburg Division (see Appendix, Table C) when acquired by the New Company, covering about 1,017 miles of first track, and about 964 miles of second, third and fourth tracks and sidings and also all the equipment now owned by the Company of the value of upwards of $20,000,000 (see Appendix, Table E) or hereafter acquired in any manner except by the use of the $34,000,000 reserved First Mortgage Bonds, as hereinafter stated.

The right will be reserved to issue, after January 1, 1902, not to exceed $5,000,000 additional of these bonds, at the rate of not exceeding $1,000,000 a year, for the enlargement, betterment or extension of the properties covered by the Prior Lien Mortgage, or for the acquisition of additions thereto.

In case delay should occur in acquiring any of the said lines of railway, the execution of the plan will not for that reason necessarily be postponed, but the existing bonds upon such line deposited under the plan may be pledged under the Prior Lien Mortgage, as security for the bonds issued thereunder, until such line of railway shall be acquired by the New Company and subjected to the lien of said mortgage.

The Prior Lien Bonds are to be applied as follows:

In partial exchange for existing bonds (see page 8)	$60,073,090
Purchased by Syndicate to provide cash requirements of plan (see page 8)	9,000,000
	$69,073,090
For contingencies (any surplus to New Company)	926,910
	$70,000,000

SECOND.

$63,000,000 FIRST MORTGAGE FIFTY-YEAR FOUR PER CENT. GOLD BONDS.

These bonds will bear interest from July 1, 1898, and are to be secured by a mortgage which will be a first lien on the Philadelphia, Chicago, and Akron divisions and branches, and the Fairmount, Morgan-

town and Pittsburgh Railroad, covering about 570 miles of first track, and about 332 miles of second, third and fourth tracks and sidings (see Appendix, Table D), and also on the properties now included in the present Baltimore and Ohio Terminal Mortgage of 1894, when said lines and properties are acquired by the New Company; also on the Baltimore Belt Railroad, if and when the same shall be acquired by the New Company; and a lien subject to the Prior Lien Mortgage upon the lines, property and equipment covered by the latter.

The right will be reserved to increase the amount of these bonds to $90,000,000 for the enlargement, betterment or extension of the railroads and properties covered by the Prior Lien Mortgage and also those covered by the First Mortgage, or for the acquisition of extensions or additions thereto or equipment for use thereon, at the rate of not exceeding $1,500,000 a year for the first four years after the organization of the New Company and at the rate of not exceeding $1,000,000 a year thereafter. The right will also be reserved to call in and redeem all or any part of the First Mortgage Bonds after twenty-five years, at 105, and also to issue not to exceed $75,000,000 additional of said bonds or such lesser amount as may be required to retire the Prior Lien bonds when due.

In case delay should occur in acquiring any of the said lines ot railway or properties to be included under the First Mortgage as above stated, the execution of the plan will not for that reason necessarily be postponed, but the existing bonds upon such line or property deposited under the plan may be pledged under the First Mortgage, as security for the bonds issued thereunder, until such line or property shall be acquired by the New Company, and subjected to the lien of said First Mortgage.

The First Mortgage Bonds are to be applied as follows:

In partial exchange for existing bonds (see page 8)	$36,384,535
Purchased by Syndicate to provide cash requirements of plan (see page 8)	12,450,000
For contingencies (any surplus to New Company)	1,165,465
	$50,000,000
Reserve for New Company	7,000,000
	$57,000,000
Reserve to be issued only to retire Baltimore Belt Line 5s (see page 8)	6,000,000
	$63,000,000

THIRD.

$40,000,000 FOUR PER CENT. NON-CUMULATIVE PREFERRED STOCK.

This stock will be entitled to receive non-cumulative dividends at the rate of 4 per cent. per annum before the payment of any dividend on the Common Stock. This stock will be applied as follows:

For Reorganization purposes (see page 9)	$17,218,700
Purchased by Syndicate to provide cash requirements of plan (see page 9)	16,450,000
For adjustment with various outstanding bondholders' and stockholding interests, contingencies, &c., &c. (any surplus to New Company)	1,331,300
	$35,000,000
Reserve for New Company	5,000,000
	$40,000,000

FOURTH.

$35,000,000 COMMON STOCK.

This stock will be applied as follows:

For Reorganization purposes (see page 9)	$31,178,000
For adjustment outstanding securities, contingencies, &c. (any surplus to New Company)	3,822,000
	$35,000,000

RESTRICTIONS AS TO ADDITIONAL MORTGAGE DEBT AND PREFERRED STOCK.

Provision is to be made that no additional mortgage shall be put upon the property to be acquired by the New Company hereunder, and that no increase in the amount of the preferred stock authorized under this Plan shall be made, except in each instance after obtaining the consent of the holders of a majority of the whole amount of preferred stock outstanding given at a meeting of the stockholders called for that purpose, and the consent of the holders of a majority of such part of the common stock as shall be represented at such meeting, the holders of each class of stock voting separately. During the existence of the Voting Trust similar consent of holders of like amounts of the respective classes of certificates of beneficial interest shall also be necessary for the purposes indicated.

VOTING TRUST.

The preferred and common stock of the New Company (except such number of shares as may be disposed of to qualify directors) shall be vested in the following five Voting Trustees: William Salomon, Abraham Wolff, J. Kennedy Tod, Louis Fitzgerald and Charles H. Coster.

In the event of the death or failure or refusal to serve of any person designated as a Voting Trustee, prior to the creation of the Voting Trust, the vacancy shall be filled by the Reorganization Managers. The stock shall be held by the Voting Trustees, and their successors, jointly (under a Trust Agreement prescribing their powers and duties and the method of filling vacancies), for five years, although the Voting Trustees may, in their discretion, as provided in the Trust Agreement, deliver the stock at an earlier date. Until delivery of stock is made by the Voting Trustees, they shall issue certificates of beneficial interest entitling the registered holders to receive, at the time therein provided, stock certificates for the number of shares therein stated, and in the meanwhile to receive payments equal to the dividends collected by the Voting Trustees upon the number of shares therein stated, which shares, however, with the voting power thereon, shall be vested in the Voting Trustees until the stock shall become deliverable, as provided in the Trust Agreement and in the certificates of the Voting Trustees issued thereunder.

SYNDICATE.

A Syndicate has been formed by Messrs. Speyer Brothers, of London, and Messrs. Speyer & Co., Kuhn, Loeb & Co., August Belmont & Co., Hallgarten & Co., and Vermilye & Co., of New York, which will be conducted by the first named three firms as Syndicate Managers, and which agrees

(1) To purchase $6,975,000 of the new preferred stock and $30,250,000 of the new common stock, and to offer the same for sale to depositing holders of old first and second preferred and common stock of the Baltimore and Ohio Railroad Company as stated on page 3 of this Plan.

(2) To purchase

$ 9,000,000 3½ Per Cent. Prior Lien Bonds.
12,450,000 First Mortgage 4 Per Cent. Bonds.
16,450,000 Preferred Stock.

(3) To protect the New Company in the ownership and possession of the properties covered by $49,974,098 (sterling issues being figured at $4.8666) of the existing mortgage bonds of the old Company of different issues, by agreeing to purchase from the New Company the new securities not taken, but to which the holders of such bonds would have been entitled if deposited under the plan, at a price equal to the principal of the respective old securities, and also to make advances and perform other obligations essential for the purposes of the Plan.

APPLICATION OF SECURITIES.

It is contemplated that as a consideration for the property and securities to be conveyed and delivered to the New Company, or which it shall acquire pursuant to the Plan, it shall deliver the new bonds and stock, excepting such final amounts of the new bonds as shall be reserved for the future use of the New Company. The requisite deliveries of the new securities to depositors and subscribers under the Plan will thus be provided for.

The following details show the disposition to be made under the Plan of the securities of the New Company:

Disposition of New Securities in Detail.

The new PRIOR LIEN 3½ PER CENT. GOLD BONDS will be disposed of as follows:

Present authorized issue..... $70,000,000

To be used in partial exchange for existing bonds as follows:

EXISTING BONDS.	Amount Outstanding.	Each $1,000 or £200 Receives	Amount of New Prior Lien Bonds.
Balt. & Ohio Loan of 1853, Extended	$1,661,000	$1,025	$ 1,702,525
" Consolidated Mortgage 5 Per Cent.	11,988,000	1,050	12,587,400
" Sterling Loan of 1872	£1,921,800	1,020	9,801,180
" Sterling Loan of 1874	£1,990,600	1,120	11,147,360
" Parkersburg Branch	$3,000,000	1,050	3,150,000
Pittsbg & Connells. 1st Extended, 4 Per Cent.	2,581,000	1,025	2,645,525
" 1st 7 Per Cent, not Extended	1,419,000	1,000	1,419,000
Balt. & Ohio 5 Per Cent. Loan of 1885	10,000,000	1,000	10,000,000
Pittsbg & Connells. 6 Per Cent. Consolidated Mortgage	£1,352,000	1,025	6,929,000
Chicago Division 5 Per Cent	£1,382,200	100	691,100
			$60,073,090
Sold to Syndicate for cash requirements			9,000,000
For contingencies (any surplus to New Company)			926,910
			$70,000,000

The new FIRST MORTGAGE 4 PER CENT. BONDS will be disposed of as follows:

Present authorized issue..... $63,000,000

To be used in partial exchange for existing bonds, as follows:

EXISTING BONDS.	Amount Outstanding.	Each $1,000 or £200 Receives	Amount of New First Mortgage Bonds.
Balt. & Ohio Loan of 1853, Extended	$1,661,000	$125	$ 207,625
" Consolidated Mortgage 5 Per Cent.	11,988,000	125	1,498,500
" Sterling Loan of 1872	£1,921,800	120	1,153,080
" Sterling Loan of 1874	£1,990,600	120	1,194,360
" Parkersburg Branch	$3,000,000	125	375,000
Pittsbg & Connells. 1st Extended 4 Per Cent.	2,581,000	125	322,625
" 1st 7 Per Cent., not Extended	1,419,000	125	177,375
Balt. & Ohio 5 Per Cent. Loan of 1885	10,000,000	125	1,250,000
Pittsbg & Connells. 6 Per Cent. Consolidated Mortgage	£1,352,000	120	811,200
Philadelphia Division 4½ Per Cent.	£2,400,000	1,000	12,000,000
Chicago Division 5 Per Cent.	£1,382,200	1,070	7,394,770
Akron & Chicago Junction 5 Per Cent.	$1,500,000	1,000	1,500,000
Baltimore & Ohio Terminal 4½ Per Cent.	8,500,000	1,000	8,500,000
			$36,384,535
Sold to Syndicate for cash requirements			12,450,000
For contingencies (any surplus to New Company)			1,165,465
Total			$50,000,000
Reserve for New Company			7,000,000
			$57,000,000
*Reserve to be issued only to retire Baltimore Belt Line 5s			6,000,000
			$63,000,000

*The properties covered by the Baltimore Belt Line mortgage will be leased at a rental equivalent to interest at 4 per cent. on the existing Belt Line 5 per cent. bonds, which is to be in full payment of said interest. The rental agreement will provide that in consideration of the rental the New Company shall have an option to purchase all the said Belt Line 5 per cent. bonds at par and accrued interest at any time within five years on sixty (60) days' notice, and that, in case the Company shall not purchase such bonds within the five years specified, it will at the termination of that period assume the ultimate payment, when due, of the principal of such bonds

The NEW PREFERRED STOCK is to be disposed of as follows:

Total issue..... $40,000,000

To be used in partial exchange for existing bonds and to purchase existing stocks as follows:

EXISTING SECURITIES.	Amount Outstanding.	Each $1,000 or £200 Receives.	Amount of New Preferred Stock.	
Balt. & Ohio Loan of 1853, Extended	$1,661,000	$140	$ 232,540	
" Cons. 5 Per Cent. Mtge. Bonds	11,988,000	85	1,018,980	
" Sterling Loan of 1872	£1,921,800	40	384,360	
" Sterling Loan of 1874	£1,990,600	160	1,592,480	
" 5 Per Cent. Loan of 1885	$10,000,000	100	1,000,000	
Pittsbg. & Connells. 1st Extended 4 Per Cent. Bonds	$2,581,000	40	103,240	
" 6 Per Cent. Consolidated Mortgage Bonds	£1,352,000	200	1,352,000	
Chicago Division 5 Per Cent. Bonds	£1,382,200	100	691,100	
Philadelphia Division 4½ Per Cent. Bonds	£2,400,000	265	3,180,000	
Akron & Chicago Junction 5 Per Cent. Bonds	$1,500,000	250	375,000	
" Junction Preferred Stock	$600,000	250	150,000	
Washington City & Point Lookout 6 Per Cent. Bonds	328,000	500	164,000	
			$10,243,700	
Purchased by Syndicate and offered for sale to Depositing Holders of $25,000,000 of old Common Stock, being 20% of the par value thereof	$5,000,000			
Purchased by Syndicate and offered for sale to Depositing Holders of $3,000,000 of old 1st Preferred Stock, being 52½% of the par value thereof	1,575,000			
Purchased by Syndicate and offered for sale to Depositing Holders of $2,000,000 of old 2d Preferred Stock, being 20% of the par value thereof	400,000			
			6,975,000	
			$17,218,700	
Sold to Syndicate for cash requirements			16,450,000	
			$33,668,700	
For adjustment existing securities, contingencies, &c., (any surplus to New Company)			1,331,300	
			$35,000,000	
Reserve for New Company			5,000,000	
				$40,000,000

The NEW COMMON STOCK is to be disposed of as follows:

Total issue..... $35,000,000

To be used in exchange for existing bonds and to purchase existing stocks as follows:

EXISTING SECURITIES.	Amount Outstanding.	Each $1,000 Receives.	Amount of New Common Stock.	
Akron & Chicago Junction Preferred Stock	$600,000	$1,000	$600,000	
Washington City & Point Lookout 6 Per Cent. Bonds	328,000	1,000	328,000	
			$928.000	
Purchased by Syndicate and offered for sale to Depositing Holders of $25,000,000 of old Common Stock, being 100% of the par value thereof	$25,000,000			
Purchased by Syndicate and offered for sale to Depositing Holders of $3,000,000 of old 1st Preferred Stock, being 75% of the par value thereof.	2,250,000			
Purchased by Syndicate and offered for sale to Depositing Holders of $2,000,000 of old 2d Preferred Stock, being 150% of the par value thereof	3,000,000			
			30,250,000	
			$31,178,000	
For adjustment outstanding securities, contingencies, &c. (any surplus to New Company)			3,822,000	
				$35,000,000

Non-interest-bearing scrip, exchangeable in round amounts for the new securities, will be issued for fractional amounts of new bonds and stocks.

LEASED ROADS.

Holders of bonds or stocks of the following companies are requested to communicate with the Advisory Committee, giving the amount of their holdings and stating how the same are held :

Columbus & Cincinnati Midland Railroad.
Central Ohio Railroad.
Newark, Somerset & Straitsville Railroad.
Sandusky, Mansfield & Newark Railroad.
Schuylkill River, East Side Railroad.
Winchester & Potomac Railroad.
Winchester & Strasburg Railroad.

In order to deal with the holders of these leased line securities, it is deemed necessary to consider each case separately and upon its merits. After hearing from the holders of a large proportion of each class of securities of said leased lines, the matter of adjustment will be considered.

EXISTING GUARANTIES.

If the Managers shall deem it advisable to proceed without foreclosure and sale, they will endeavor to secure some satisfactory arrangement in connection with the existing guaranties of the Company.

PRESENT FIRST PREFERRED STOCK.

Upon completion of the reorganization, the Managers, on behalf of the Syndicate, will deliver to each depositor of first preferred stock, who shall have paid, for account of the Syndicate, $2 per share deposited, as provided on page 3 of this Plan, the following new securities :

For each share of first preferred stock deposited,
$52.50 in new preferred stock trust certificates,
75.00 in new common stock trust certificates,

PRESENT SECOND PREFERRED STOCK.

Upon completion of the reorganization, the Managers, on behalf of the Syndicate, will deliver to each depositor of second preferred stock, who shall have paid, for account of the Syndicate, $20 per share deposited, as provided on page 3 of this Plan, the following new securities :

For each share of second preferred stock deposited,
$20 in new preferred stock trust certificates,
150 in new common stock trust certificates,

PRESENT COMMON STOCK.

Upon completion of the reorganization, the Managers, on behalf of the Syndicate, will deliver to each depositor of common stock, who shall have paid, for account of the Syndicate, $20 per share deposited, as provided on page 3 of this Plan, the following new securities :

For each share of common stock deposited,
$20 in new preferred stock trust certificates,
100 in new common stock trust certificates,

ESTIMATED CASH REQUIREMENTS AS OF JULY 1, 1898, AND PROVISION THEREFOR.

Unpaid interest, as per Table F		$4,565,375
To provide for existing car trusts, receivers' certificates, and other outstanding obligations,		19,192,225
For floating debt, improvements, equipment, working capital and other purposes of the new company, including, also, expenses of the reorganization, commission to syndicate and compensation of the reorganization managers and their associates in the formation of the syndicate		12,334,900
		$36,092,500
To meet these requirements, the syndicate will contribute	$32,592,500	
The sale of certain securities in Treasury is estimated to yield	3,500,000	
Making a total of		$36,092,500

POSITION OF THE NEW COMPANY.

The fixed charges for year ending June 30th, 1897, as reported by the Receivers, were	$7,771,111
The annual fixed charges after reorganization and retirement of existing bonds as proposed, it is estimated, will be as stated in Table "B"	**6,252,351**
Decrease of annual fixed charges	$1,518,760
The net earnings for year ending June 30, 1896, were, including miscellaneous income	$7,330,359
The net earnings for year ending June 30, 1897, were, including miscellaneous income	$6,593,990

(For the fiscal year ending June 30, 1897, equipment of the Company valued on its books at $1,155,829.95 was put out of service and charged, not to operating expenses, but to "Profit and Loss," because it represented the depreciation of a number of years. As against this, however, extraordinary expenses—estimated at not less than $750,000—for the maintenance of the property generally, were incurred during the year, and charged to operation. For the year 1898, as stated in the annual report of last year, all equipment when put out of service is replaced with equipment of equal value, as shown on the books of the Company, and the cost thereof charged to "Maintenance of Equipment.")

The net earnings from the operations of the property for the present fiscal year (April, May and June approximated) have (notwithstanding liberal charges for maintenance) as compared with the same period of the preceding fiscal year, increased	$1,443,909	
Miscellaneous income decreased	62,114	
Net increase		1,381,795
Estimated net earnings for the fiscal year ending June 30, 1898, including miscellaneous income		**$7,975,785**

(Taxes not deducted, they being included in fixed charges. See Table B.)

from which, however, will have to be deducted the sum of about $251,000, representing the decrease in the amount of miscellaneous income which will be occasioned by the proposed sale of securities and the cancellation of sinking fund investments under the Reorganization.

The Company, as shown by Mr. Stephen Little's expert examination and report, dated July 11, 1896, from September 30, 1888, to November 30, 1895, a period of seven years and two months, earned net, including miscellaneous income, a yearly average of $7,234,000, without deduction, however, of average taxes amounting to $437,000.

The fixed charges of the New Company, on completion of the Reorganization, will be well within the past net income of the property—even that of the last fiscal year of extreme depression.

The New Company will be relieved from floating debt and the embarrassment of car and wheelage trust payments, and will start, not only with a substantial working cash capital, but also with power to provide facilities for the increase of business.

The By-Laws of the New Company will provide that its accounts shall be audited annually by accountants of established reputation.

June 22, 1898.

APPENDIX

TABLE "A"

Showing the amount of cash and new securities which deposited securities will be entitled to receive on completion of reorganization.

EXISTING BONDS AND STOCK TO BE DEPOSITED.	EACH $1,000 OR £200 RECEIVES					ACTUAL PERCENTAGE FOR STERLING ISSUES. FIGURED AT $4.8666.		
	*Cash.	New Prior Lien 3½% Bonds.	New First Mtge. 4% Bonds.	New Pfd. Stock Trust Certificates.	New Common Stock Trust Certificates.	New Prior Lien 3½% Bonds.	New First Mtge. 4% Bonds.	New Pfd. Stock Trust Certificates.
						%	%	%
Baltimore & Ohio Loan of 1853, Extended	$10.00	$1,025	$125	$140				
" " Consolidated Mortgage, 5 per cent.	20.83	1,050	125	85				
" " Sterling Loan of 1872	19.47	1,020	120	40		104.79	12.33	4.11
" " Sterling Loan of 1874	9.73	1,120	120	160		115.07	12.33	16.44
" " Parkersburg Branch Bonds	15.00	1,050	125					
Pittsburg & Connellsville, 1st Extended 4s	20.00	1,025	125	40				
Pittsburg & Connellsville, 1st 7s, not Extended	35.00	1,000	125					
Baltimore & Ohio 5s, Loan of 1885	20.83	1,000	125	100				
Pittsburg & Connellsville Consolidated Mortgage 6 per cent. Bonds	29.20	1,025	120	200		105.31	12.33	20.55
Chicago Division, 5 per cent	4.06	100	1,070	100		10.27	109.93	10.27
Philadelphia Division 4½ per cent	10.95		1,000	265			102.74	27.22
Baltimore & Ohio 4½ per cent. Terminal Bonds of 1894	3.75		1,000					
Akron & Chicago Junction Bonds	8.33		1,000	250				
Akron & Chicago Junction, Preferred Stock				250	$1,000			
Washington City and Point Lookout Bonds				500	1,000			
Old 1st Preferred Stock, may purchase from Syndicate				525	750			
Old 2d Preferred Stock, " " " "				200	1,500			
Old Common Stock, " " " "				200	1,000			

* Interest at the rate provided in the old bonds, from the date of the last matured coupon next preceding July 1, 1898, up to the date when the new bonds begin to bear interest, namely, July 1, 1898 (exclusive of previously matured coupons otherwise provided for, see page 4).

TABLE "B."

FIXED CHARGES ON COMPLETION OF REORGANIZATION AND RETIREMENT OF EXISTING BONDS.

$70,000,000 Prior Lien 3½ Per Cents	$2,450,000
$50,000,000 First Mortgage 4 Per Cents	2,000,000
Estimated Rentals and Charges (including Belt Line as stated in foot note, page 8), say	1,000,000
*Taxes	525,351
Terminals	202,000
Ground rents and mortgage interest	75,000
Total	$6,252,351

* In case foreclosure shall be found necessary, the exemption from taxation under the charter of the old Company may be lost and the amount of annual taxes be increased.

TABLE "C."

Mileage of Roads to be included in the Prior Lien Mortgage.

	1st Tracks.	2d, 3d and 4th Tracks.	Sidings.	Total.
Main Line...	379.80	329.78	261.87	971.45
Branches:				
Locust Point Branch	5.60	5.60	14.81	26.01
Curtis Bay Branch	5.30	....	.45	5.75
Sea Wall Branch	1.50	.....	1.61	3.11
Camden Cut-off	1.50	1.50	.....	3.00
* Washington Branch	31.00	31.00	12.49	74.49
Alexandria Branch	12.50	.....	1.86	14.36
Metropolitan Branch	42.80	21.41	13.36	77.57
Frederick Branch	3.50	.....	2.64	6.14
Parkersburg Bridge	1.40	.....	.....	1.40
Benwood Bridge	1.10	.....	.....	1.10
South Baltimore Branch	2.00	.....	.43	2.43
Patuxent Branch	1.30	.....	.18	1.48
South Branch	16.00	.....	.86	16.86
Parkersburg Branch	103.30	1 55	38.98	143.83
Washington County R. R.	24.20	.....	5.14	29.34
Berkeley Springs & Potomac	5.95	.....	.87	6.82
Metropolitan Southern	2.25	.....	.....	2.25
Grafton & Belington Division	42.00	.....	2.40	44.40
Pittsburg Division:				
Pittsburg & Connellsville	150.20	59.70	89.86	299.76
Hickman Run Branch	2.10	.....	.04	2.14
Salisbury	8.60	.....	6.13	14.73
Grassy Run Extension	2.00	.....	2.46	4.46
Hocking Extension	1.10	.....	.27	1.37
Berlin Branch	8.00	.....	.95	8.95
Somerset & Cambria	45.10	.....	9.23	54.33
Ohio & Baltimore Short Line, Eastern Div	9.30	.....	3.31	12.61
Fayette County Branch	11.80	.....	6.37	18.17
Mt. Pleasant Branch	9.70	.....	3.61	13.31
Red Stone Branch	1.00	.....	.....	1.00
Wheeling, Pitts. & Balt	65.80	.....	31.42	97.22
Confluence & Oakland	19.70	.....	1.85	21.55
	1017.40	450.54	513.45	1981.39

* This line cannot be directly mortgaged, but will be controlled by deposit with the Trustee under the new prior lien mortgage of two-thirds of its capital stock. The line is not subject to any existing mortgage.

TABLE "D."

MILEAGE OF ROADS TO BE INCLUDED IN THE FIRST MORTGAGE, AND OTHER PROPERTIES COVERED THEREBY.

	1st Track.	2d, 3d & 4th Tracks.	Sidings.	Total.
PHILADELPHIA DIVISION :				
Philadelphia Branch	52.60	51.10	16.78	120.48
Sparrow Point Branch	1.60			1.60
Highlandtown Branch	.90			.90
Balt. & Phila. R. R.	36.80	36.80	23.98	97.58
Landenberg Branch	14.30		2.97	17.27
Crum Creek Branch	2.40			2.40
Market St. Branch	3.02			3.02
South Wilmington Branch	2.80			2.80
Lancaster, Cecil & Southern	4.00		.20	4.20
*Chicago Division	282.37	40.60	113.47	436.44
Akron Division	76.66	15.63	12.37	104.66
Wooster Branch	36.26		3.24	39.50
Fairmont, Morgantown & Pitts	56.60		15.08	71.68
	570.31	144.13	188.09	902.53

The First Mortgage will also be a first lien on the properties now covered by the Baltimore and Ohio Terminal Mortgage of 1894 when acquired.

*Of the mileage given for the Chicago Division 34.94 miles are not owned, but are held under trackage rights.

TABLE "E."

EQUIPMENT TO BE INCLUDED IN PRIOR-LIEN MORTGAGE.

Rolling Equipment:

4 Electric Motors.
897 Locomotives.
360 Passenger Coaches.
77 Combination Coaches.
9 Dining Cars.
97 Baggage and Mail Cars.
60 Express Cars.
14 Refrigerator Cars.
9 Officers' Cars.
2 Pay Cars.
38,332 Freight-Service Cars.

Floating Equipment:

8 Tugs.
2 Steam Lighters.
15 Covered Lighters.
31 Barges.
2 Floats.
2 Pile Drivers.
4 Open Lighters.

TABLE "F."

	Amount Outstanding.		(1) Past-Due Coupons.	Interest at 5% on Past-Due Coupons.	(2) Accrued Interest up to July 1, 1898.	Totals in Each Class of Bonds.
Balt. & Ohio Extd. 4s (Loan of 1853)	$1,661,000	3 mos.' accrued int., April 1, 1898, to July 1, 1898, on principal			$16,610	$16,610
Balt. & Ohio Cons. Mtge. 5% Bonds	11,988,000	5 mos.' accrued int., Feb. 1, 1898, to July 1, 1898, on principal			249,750	249,750
Balt. & Ohio Sterling Loan of 1872, (£1,921,800, at $4.86 66)	9,352,632	Coupon due March 1, 1898	$280,579			
		Interest, 4 mos., at 5%, on past-due coupon		$4,676		
		4 mos.' accrued int., March 1, 1898, to July 1, 1898, on principal			187,053	472,308
Balt. & Ohio Sterling Loan of 1874, (£1,990,600, at $4.86 66)	9,687,454	Coupon due May 1, 1898	290,624			
		Interest, 2 mos., at 5%, on past-due coupon		2,422		
		2 mos.' accrued int., May 1, 1898, to July 1, 1898, on principal			96,875	389,921
Balt. & Ohio Parkersburg Branch 6s	3,000,000	Coupon due April 1, 1898	90,000			
		Interest, 3 mos., at 5%, on past-due coupon		1,125		
		3 mos.' accrued int., April 1, 1898, to July 1, 1898, on principal			45,000	136,125
Pitts. & Connells. 1st Extd. 4s	2,581,000	6 mos.' accrued int., Jan. 1, 1898, to July 1, 1898, on principal			51,620	51,620
Pitts. & Connells. 1st 7s, not Extd.	1,419,000	6 mos.. accrued int., Jan. 1, 1898, to July 1, 1898, on principal			49,665	49,665
Pitts. & Connells. Consolidated Mortgage 6s (£1,352,000, at $4.86 66)	6,579,643	Coupon due July 1, 1897	197,389			
		Interest, 1 year, at 5%, on past-due coupon		9,869		
		Coupon due January 1, 1898	197,389			
		Interest, 6 mos., at 5%, on past-due coupon		4,935		
		6 mos.' accrued int., Jan. 1, 1898, to July 1, 1898, on principal			197,389	606,971
Balt. & Ohio 5s, (Loan of 1885)	10,000,000	Coupon due August 1, 1897	250,000			
		Interest, 11 mos., at 5%, on past-due coupon		11,458		
		Coupon due February 1, 1898	250,000			
		Interest, 5 mos., at 5%, on past-due coupon		5,208		
		5 mos.' accrued int., Feb. 1, 1898, to July 1, 1898, on principal			208,333	724,999
Chic. Div. 5s (£1,382,200, at $4.86 66)	6,726,615	Coupon due December 1, 1897	168,165			
		Interest, 7 mos., at 5%, on past-due coupon		4,905		
		Coupon due June 1, 1898	168,165			
		Interest, 1 mo., at 5%, on past-due coupon		701		
		1 mo.'s accrued int., June 1, 1898, to July 1, 1898, on principal			28,028	369,964
Balt. Belt Line 5s	6,000,000	Coupon due November 1, 1897	150,000			
		Interest, 8 mos., at 5%, on past-due coupon		5,000		
		Coupon due May 1, 1898	150,000			
		Interest, 2 mos., at 5%, on past-due coupon		1,250		
		2 mos.' accrued int., May 1, 1898, to July 1, 1898, on principal			50,000	356,250
Balt. & Ohio 4½% Terminal Bonds of 1894	8,500,000	Coupon due December 1, 1897	191,250			
		Interest, 7 mos., at 5%, on past-due coupon		5,578		
		Coupon due June 1, 1898	191,250			
		Interest, 1 mo., at 5%, on past-due coupon		797		
		1 mo.'s accrued int., June 1, 1898, to July 1, 1898, on principal			31,875	420,750
Phila. Div. 4½s (£2,400,000, at $4.86 66)	11,679,840	Coupon due October 1, 1897	262,796			
		Interest, 9 mos., at 5%, on past-due coupon		9,854		
		Coupon due April 1, 1898	262,796			
		Interest, 3 mos., at 5%, on past-due coupon		3,285		
		3 mos.' accrued int., April 1, 1898, to July 1, 1898, on principal			131,398	670,129
Akron & Chic. Junction 5s	1,500,000	Coupon due May 1, 1898	37,500			
		Interest, 2 mos., at 5%, on past-due coupon		313		
		2 mos.' accrued int., May 1, 1898, to July 1, 1898, on principal			12,500	50,313
		TOTAL	$3,137,903	$71,376	$1,356,096	
		GRAND TOTAL				$4,565,375

(1) Separate Certificates of Deposit issued for these coupons.

(2) Included in Certificate of Deposit for bonds.

REORGANIZATION AGREEMENT.

An agreement made this twenty-second day of June, one thousand eight hundred and ninety-eight, between **Louis Fitzgerald, August Belmont, Edward R. Bacon, Henry Budge, Eugene Delano, William A. Read and Howland Davis** (hereinafter called the **"Reorganization Committee"**), parties of the first part;

Speyer & Company and Kuhn, Loeb & Company, of New York, and **Speyer Brothers,** of London (hereinafter called the **"Managers"**), parties of the second part;

Holders of the mortgage bonds, stocks and evidences of indebtedness hereinafter mentioned, who shall become parties to this agreement (hereinafter called **"Depositors"**), parties of the third part; and

The Mercantile Trust Company, of the City of New York (hereinafter called the **"Depositary"**), party of the fourth part.

Whereas, the Baltimore and Ohio Railroad Company has made default in the payment of its obligations, and receivers of its railroads and property have been appointed;

And Whereas, the plan referred to in this agreement has been proposed by the Reorganization Committee for the reorganization of the Railroad Company:

Now, Therefore, it is mutually agreed by and between the respective parties hereto as follows:

FIRST. A printed copy of this agreement, signed by the parties hereto of the first, second and fourth parts, shall be lodged with The Mercantile Trust Company, in the City of New York, and a duplicate, signed in like manner, shall be lodged with The London and Westminster Bank, Limited, in the City of London. Each of said copies shall be taken as a complete and original instrument, but both shall constitute but one agreement. The foregoing Plan is and shall be taken to be a part of this agreement, with the same effect as though each and every provision thereof had been embodied herein, and said Plan and this agreement shall be read as parts of one and the same paper; but no estimate, statement, explanation or suggestion contained in the said Plan or this agreement, or in any circular issued, or which may hereafter be issued, by the Depositary or by the Reorganization Committee, or by the Managers, is intended, or is to be accepted as a representation or warranty, or as a condition of deposit or assent under the Plan and this agreement, and no defect or error shall release any deposit under this Plan and agreement, or affect or release any assent thereto, except by written consent of the Managers.

Holders of the following named bonds and coupons (or claims for interest on registered bonds) and stocks or any of them, may become parties to this Plan and agreement by depositing their securities with the Depositary upon the terms and conditions specified in the Plan and this agreement, or hereafter defined, and within the periods which shall be fixed or limited by the Managers:

Baltimore & Ohio Railroad Company Bonds, Loan of 1853, Extended to 1935, at 4 per cent.

Baltimore & Ohio Railroad Company 100-Year 5 Per Cent. Consolidated Mortgage Bonds of 1888.

Baltimore & Ohio Railroad Company Sterling 6 Per Cent. Loan of 1872, due March 1, 1902.

Baltimore & Ohio Railroad Company 6 Per Cent. Sterling Loan of 1874, due May 1, 1910.

Baltimore & Ohio Railroad Company 6 Per Cent. Loan of 1879, due April 1, 1919 (account Parkersburg Branch Railroad Company).

Baltimore & Ohio Railroad Company 5 Per Cent. Bonds, Loan of 1885 (account Pittsburg and Connellsville Railroad Company).

Baltimore & Ohio Railroad Company, 4½ Per Cent. Terminal Mortgage bonds of 1894.

Baltimore & Ohio Railroad Company Sterling 4½ Per Cent. Loan of 1883, Philadelphia Branch.

Baltimore & Ohio Railroad Company Sterling 5 Per Cent. Loan of 1877, Due June 1, 1927 (Account, Baltimore and Ohio and Chicago Railroad Company).

Baltimore & Ohio Railroad Company First Preferred Stock.
Baltimore & Ohio Railroad Company Second Preferred Stock.
Baltimore & Ohio Railroad Company Common Stock.
Pittsburg & Connellsville Railroad Company First Mortgage bonds, Extended to 1946 at 4 Per Cent.
Pittsburg & Connellsville Railroad Company First Mortgage 7 Per Cent. bonds, Due July 1, 1898.
Pittsburg & Connellsville Railroad Company 6 Per Cent. Consolidated Mortgage bonds.
Akron & Chicago Junction Railroad Company First Mortgage 5 Per Cent. bonds.
Akron & Chicago Junction Railroad Company Preferred Stock.
Washington City and Point Lookout Railroad Company 6 Per Cent. bonds.
Matured and unpaid coupons (and claims for interest on registered bonds) appertaining to any of the above bonds, except those of the Washington City and Point Lookout Railroad Company.

Also, such other mortgage bonds or stocks, if any, of any other railroad company or companies heretofore known as parts of the Baltimore and Ohio Railroad System as the Managers may hereafter decide to admit to participation in the Plan upon terms to be fixed by the Managers.

Such holders must in all cases deposit the certificates for their stock, or their bonds or coupons or claims for interest on registered bonds, or other securities, with such transfers, assignments and powers of attorney as may be required by the Managers in order to vest in them, and to enable them to transfer the complete and absolute title to such stocks, bonds, coupons, claims for interest, or other securities, and the Depositors agree respectively at any time on demand of the Managers to execute any and all other transfers, assignments or writings required for vesting the complete ownership of the bonds, coupons, claims for interest and stocks deposited hereunder in the Managers or their nominees. All Depositors shall receive Certificates of Deposit in form to be prescribed by the Managers specifying the respective bonds, coupons, claims for interest, or stock deposited, and the holders of such Certificates of Deposit issued hereunder shall be entitled, subject to any provisions contained in such certificates, only to the rights and benefits specified in the Plan and this agreement as accruing to the holders of the bonds, coupons, claims for interest, or stocks of the class represented by such certificates respectively or granted by the Managers pursuant to the powers conferred upon them, and thereafter the holder of any such certificate or of any certificate issued in lieu thereof or in exchange therefor shall be subject to the Plan and this agreement and entitled to have and exercise only the rights of the original depositor under the certificate issued to him in respect of the securities therein mentioned.

Such Certificates of Deposit issued hereunder and the interests represented thereby shall be transferable only subject to the terms and conditions of the Plan and this agreement, and in such manner as the Managers shall approve; and upon such transfer, all rights of the Depositors or in respect of the deposited bonds, coupons, claims for interest, or stock represented by such Certificates, together with all instalments paid by the Depositors of such stock, or their transferees, and all rights under the Certificates of Deposit transferred, shall pass to the transferee, and the tranferees and holders of such Certificates of Deposit shall for all purposes be substituted in place of the prior holders, subject to this agreement. All such transferees, as well as the original holders of Certificates of Deposit issued hereunder, shall be embraced under the term "Depositors," whenever used herein. Each Certificate of Deposit may be treated by the Managers and by the Depositary as a negotiable instrument, and the holder for the time being may be deemed to be the absolute owner thereof, and of all rights of the original Depositor of the bond, coupon, claim for interest, stock or other security in respect of which the same was issued, and neither the Depositary nor the Managers shall be affected by any notice to the contrary. By accepting any such Certificate, every recipient or holder thereof shall thereby become party to the Plan and this agreement with the same force and effect as though an actual subscriber hereto. The term Depositor, whenever used herein, is intended, and shall be construed, to include not only persons acting in their own right, but also trustees, guardians, committees, agents and all persons acting in a representative or fiduciary capacity, and those represented by or claiming under them, and partnerships, associations, joint-stock

companies and corporations. No rights hereunder shall accrue in respect of any securities hereinbefore mentioned unless, or until, the same shall have been subjected to the control of the Managers and to the operation of the Plan and this agreement as herein provided.

The Depositary shall receive the deposited stocks, bonds and coupons, claims for interest, or other securities, and shall hold the same respectively subject to the order and control of the Managers.

The Managers may in their discretion fix or limit the period or periods within which holders of bonds, coupons, claims for interest, or stock or other securities, or any class thereof, may deposit their securities, and within which they may become parties to the Plan and this agreement, and the periods within which must be paid the instalments of cash payable by depositing holders of First and Second Preferred and Common stock as consideration for new Preferred and Common stock, and in their discretion, either generally or in special instances, may extend or renew the period or periods so fixed or limited, on such terms and conditions as they may see fit.

Holders of securities, not deposited within the periods respectively fixed or limited therefor, will not be entitled to deposit the same or to become parties to this agreement or to share in the benefits thereof, and shall acquire no rights thereunder, except upon obtaining the express consent of the Managers, who may withhold or give such consent in their absolute discretion and upon such terms and conditions as they may see fit.

The several instalments of cash, payable by Depositing Stockholders as provided in the Plan and this agreement, must be paid to the Managers for account of the Syndicate, and must be receipted for by the Depositary on the respective Certificates of Deposit issued for such stock. The Depositing Stockholders agree that all such instalments of cash may be used at any time by the Managers, for any of the purposes of the Plan and this agreement. Depositors of Stock and holders of Certificates of Deposit for deposited stock respectively agree that prompt payment of the several instalments of cash payable by them respectively on the terms of the Plan and this agreement is an essential condition to their acquisition of new stock by purchase from the Syndicate under the Plan and this agreement, and that any Depositor or any holder of a Certificate of Deposit for stock who shall fail to make prompt payment of any instalment of cash payable as provided in the Plan within the periods fixed or limited by the Managers for such payment shall forthwith, and without further or other notice or action, cease to have any rights, or to be entitled to any benefits hereunder, and in every such case the Deposited Stock and any cash paid as above provided prior to the date of such default shall vest in and belong to the Syndicate, and that no such defaulting Depositor or Certificate holder shall be entitled to the return or repayment thereof, or to have any further interest or rightsin respect thereof. The Managers, however, in their discretion, may on behalf of the Syndicate waive any such default and accept payment of overdue instalments due from any Depositor at any time before final settlement of accounts with the Syndicate.

Second. The Depositors hereby irrevocably request the Managers to endeavor to carry into practical operation the Plan and this agreement in its entirety or in part, to such extent and in such manner and with such additions, exceptions and modifications as the Managers shall deem to be for the best interests of the Depositors or of the properties finally embraced in the reorganization. Each and every Depositor, for himself and not for any other, does hereby sell, assign, transfer and set over to the Managers as copartners, and to the survivor and survivors of them and to their successors, each and every bond, coupon, claim for interest on registered bonds, share of stock, security or obligation or evidence thereof deposited hereunder, and every Depositor hereby agrees that the Managers shall be and they are hereby vested with all the rights and powers of owners of the stocks, bonds, coupons, claims for interest, securities and obligations deposited hereunder, including the right to transfer the same into their own names, as copartnerships and as Managers, or into the name of any other person or persons whom they may select; and (without limiting the foregoing provision) it is hereby declared that the Managers shall be fully authorized to vote thereon at any meeting of stockholders or bond or certificate holders

or creditors; to use every such stock, bond, coupon, claim for interest, receipt, security or obligation as fully and to the same extent as the owner or holder thereof; to declare due the principal of any bond or other obligation deposited hereunder, and to revoke any such declaration whenever made; to call or attend, and either in person or by proxy, to vote at any and all meetings of stockholders, bondholders or creditors of any corporation however convened; to terminate or to seek to dissolve or modify any trust, contract or lease, in whole or in part; to apply for the determination of the validity thereof, or for the removal of any Trustees or the substitution of other Trustees, or to take any other steps in respect of any trust, contract or lease or under any provision thereof; to purchase at any time or times, at such prices as they shall deem proper, or to pay, compromise or settle with the holders of any coupons, notes or other indebtedness or car trust or other obligations of any of the railroad companies, or any Receiver's Certificates or obligations issued or which may be issued or incurred by the Receivers thereof, and to apply for that purpose any moneys received from the sale of Trust Certificates for stock in the New Company, or which may otherwise be received or raised by them; to borrow money for any of the purposes of this agreement, and to charge or pledge any deposited securities, property purchased, or new securities to be issued, for the payment of any moneys borrowed; to give all bonds of indemnity or other bonds, and to charge therewith the securities deposited hereunder, or any part thereof; to institute or to become parties to any legal proceeding; to apply for Receivers, or for the removal of Receivers and the substitution of other Receivers, or for the termination of any receivership and the delivery of any property to its owners; to settle any litigation now or at any time existing or threatened in whole or in part, with plenary power to enter into arrangements for decrees, or for facilitating or hastening the course of litigation, or in any way to promote the consummation of the Plan; to do whatever, in the judgment of the Managers, may be necessary to promote or to procure the sale as an entirety or the joint or separate sales of any lands, property or franchises herein concerned, wherever situated; to adjourn any sale of any property or franchises, or any portion or lot thereof, at discretion; to bid, or to refrain from bidding, at any sale, either public or private, either in separate lots or as a whole, for any property or franchises, or any part thereof, whether or not owned, controlled or covered by any deposited security, including or excluding any particular rolling stock or other property, real or personal; and at, before or after any sale to arrange and agree for the resale of any portion of the property which they may decide to sell rather than to retain; to hold any property or franchises purchased by them either in their name or in the name of persons or corporations by them chosen for the purposes of this agreement, and to apply any security embraced hereunder in satisfaction of any bid or towards obtaining funds for the satisfaction thereof; and the term property and franchise shall include any and all railroads, railroad and other transportation lines, branches, leaseholds, lands, rights in lands, mining rights, stocks or other interests in corporations in which the Railroad Company has any interest of any kind whatever, direct or indirect. The amount to be bid or paid by the Managers for any property or franchises shall be absolutely discretionary with them; and, in case of the sale to others of any property or franchises, the Managers may receive, out of the proceeds of such sale, or otherwise, any dividend in any form accruing on any securities held by them.

THIRD. The Managers may procure the organization of one or more new companies, or they may adopt or use any existing or future companies, and they may cause to be made such consolidations, leases, sales, or other arrangements and may make or cause to be made such conveyances or transfers of any properties or securities acquired by them, and may take such other proceedings as they may deem proper for the purpose of creating the new securities provided for in this Plan and agreement and for carrying out all or any of the provisions thereof. The Managers shall further be authorized to receive and dispose of, in accordance with any of the provisions of this Plan and agreement, the new securities to be created, and the Managers may vote upon all the stock of such new corporation for all purposes in their judgment necessary to carry out the plan until the same shall be delivered to the Voting Trustees or to the Depositors who shall be entitled to receive the same.

FOURTH. The Managers may construe the Plan and this agreement; and their construction thereof or action thereunder, in good faith, shall be final and conclusive. They may supply any defect or omission, or reconcile any inconsistency in such manner and to such extent as shall be necessary to carry out the same properly and effectively, and they shall be the sole judges of such necessity. They shall be the sole and final judges as to when and whether the assent of enough parties interested in the Railroad Company shall have been obtained to warrant them in declaring the same or any part thereof operative, or in carrying the same or any part thereof into effect, and as to when and whether a sufficient number of the existing bonds upon the lines of railway to be included in the Prior Lien or First Mortgages respectively, have been deposited, to warrant the execution by the New Company of such Prior Lien or First Mortgage respectively, and the issue of bonds thereunder, pending the acquisition of such lines of railway by the New Company, and they shall have power whenever they shall deem proper, at any time before the new securities shall have been issued and delivered to the Depositors, to abandon or to alter, modify or depart from, the Plan of Reorganization, or any part thereof, except the provisions for the Voting Trust. They may at any time or times, after any such partial abandonment, restore to the Plan any abandoned part or parts thereof, and may seek to carry the same into effect, as fully as if such part or parts had not been abandoned. They may also attempt to carry the Plan into effect rather than abandon or modify the same, even though it be manifest that, as carried out, the Plan must depart from the original Plan or from some part thereof. But in case of any intentional change or modification or departure from the Plan, which in their judgment, shall materially affect any of the several classes of Depositors, or their mutual relations, a statement of such proposed change, modification or departure shall be filed with the Depositary in New York and also with its agent, the London and Westminster Bank, Limited, in London, and notice of the fact of such filing shall be given as hereafter provided, in Article Twelfth; and within two weeks after final publication all holders of the outstanding Certificates for such particular class or classes of securities affected thereby may surrender their respective Certificates therefor and withdraw securities of such particular class or classes, or the proceeds thereof, or substitutes therefor then under the control of the Managers, to the amount indicated in such Certificates, provided, however, that in every case of withdrawal and cancellation the Certificate Holders shall, respectively, make payment of their shares of the expenses of the Managers, as apportioned by the Managers. Every Depositor of securities not so surrendering and withdrawing within such two weeks after final publication shall be deemed to have assented to the proposed changes or modifications, and whether or not otherwise objecting, shall be bound thereby as fully and effectively as if he had actually assented thereto. Any changes or modifications finally made by the Managers shall be part of the Plan and this agreement; and all provisions and references concerning the Plan shall apply to the Plan so changed or modified. In every such case of withdrawal any cash advanced to depositors, and any interest paid or advanced to holders of Certificates of Deposit in respect of deposited bonds, represented by such Certificates of Deposit, or in respect of the new bonds to be issued in exchange therefor under the Plan, must be repaid, if the Managers so require, by the holders of such Certificates before the deposited bonds, represented by such Certificates of Deposit shall be surrendered in exchange therefor; but any interest collected by the Managers on deposited securities will, in case of such withdrawal, be accounted for by the Managers to the holders of the Certificates of Deposit for such securities. In case the Managers shall finally abandon the entire Plan, the stocks and bonds and coupons deposited hereunder or their proceeds, or any stocks, bonds, coupons, securities or claims or representatives thereof, then under the control of the Managers, shall be delivered to the several Depositors in amounts representing their respective interests upon surrender of their respective Certificates and payment of such actual expenses as shall have been incurred by the Managers, and the Managers shall have power to determine and to apportion upon the several classes of securities deposited hereunder the share of expense to be borne by each security. In any such case, any moneys paid by the depositing stockholders, or any coupons, receiver's certificates or other obligations, claims or property acquired therewith, or the proceeds thereof when received, remaining after deducting therefrom the share of the expenses incurred

by the Managers under this agreement apportioned upon such depositing stockholders shall be equitably distributed or adjusted among the respective holders of Certificates of Deposit therefor. But the Managers shall not be held liable for loss of any such money disbursed by them for the purposes of this agreement nor for the depreciation in value of any property or securities purchased by them, and the depositing stockholders or holders of such Certificates of Deposit, shall have no claim for the repayment of any such moneys except to the extent of their ratable shares of such moneys or their proceeds at the time remaining in the hands of or subsequently collected by the Managers after payment of such expenses.

FIFTH. The Managers may proceed under the Plan and this agreement or any part thereof with or without foreclosure and in case of foreclosure may exercise any power, either before or after foreclosure sale; and in every case all the provisions of the Plan and this agreement shall equally apply to and in respect of any physical properties embraced under the reorganization and to and in respect of any securities representing any such property, it being intended that for all purposes thereunder any such property, and any security representing such property may be treated by the Managers as substantially identical. In case any separate Plan shall in the opinion of the Managers become necessary or expedient to effect the reorganization of any subordinate or other company, the Managers may promote and participate in any such reorganization and may deposit thereunder any securities thereby affected.

In case of any claim, lien or obligation not herein fully provided for and affecting the Railroad Company, or any property or franchises thereof, the Managers may from time to time (subject, however, to Article Sixth hereof) make such compromise in respect thereto or such provision therefor as they may deem suitable, using therefor any securities not expressly required for settlement with Depositors, or not expressly reserved for liens or obligations specified in the Plan, but the total amount of new securities to be created as set forth in the Plan shall not thereby be increased.

Any action contemplated in the Plan and this agreement to be performed on or after completion and reorganization may be taken by the Managers at any time when they shall deem the reorganization advanced sufficiently to justify such course, and the Managers as they may deem necessary may defer the performance of any provision of the Plan and this agreement, or may commit such performance to the New Company.

They may also in their discretion set apart and hold in trust, or place in trust with any trust company, any part of the new securities to be issued, and cash which may be received from sales of new securities, or otherwise, as they may deem judicious for the purpose of securing the application thereof for any of the purposes of the Plan and this agreement.

SIXTH. From time to time, for the purpose of carrying this agreement into effect, or of obtaining assents thereto, the Managers, either generally or in specific instances, may make contracts with any person, syndicate or corporation; and, in their discretion, either generally or in specific instances, and upon such general or special terms and conditions as they may deem proper, may arrange to procure the deposit of securities hereunder; they may also, from time to time, by loan, guaranty, or by sale of the new securities to be created, or otherwise, upon such terms, conditions and rates as said Managers may deem proper, may obtain any moneys required to carry out the Plan and this agreement, including such sums as the Managers may deem expedient to provide for the uses of the New Company; and for the performance of any contract said Managers may charge the deposited securities and the new securities to be issued and may pledge the same for the payment of any moneys borrowed and interest thereon, and other performance of any other obligations incurred under the powers herein conferred. The Managers may employ counsel, agents and all necessary assistance, and may incur and discharge any and all expenses by them deemed reasonable for the purpose of this agreement. They may prescribe the form of all securities, mortgages and all instruments at any time to be issued or entered into. They may create and provide for all necessary trusts, and may nominate and appoint trustees thereunder, excepting that the Voting Trustees shall be appointed as stated in the Plan. The Managers may, at public or private sale, or otherwise, dispose of any bonds and Trust Certificates for stock of the new Company left in their hands because of any failure to make deposits hereunder.

In so disposing of any such new securities thus left in their hands, they may use the same or the proceeds thereof for the purpose of carrying out the reorganization in such manner as they may deem expedient and advisable. At the time of the creation of the new securities, or as soon thereafter as may be, the Managers may take such action (either by creating lesser amounts of securities, or otherwise) as they may deem necessary to guard against the issue of such particular securities in any manner or to any extent inconsistent with the purposes of the Plan.

SEVENTH. The said firms of Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Brothers, of London, shall be the Managers under this agreement. So far as practicable the three firms as such Managers shall act and concur in all steps and proceedings hereunder, but in the event of the three firms not concurring, the concurrent action of any two of said firms shall be the action of the Managers, and no action shall be taken except with the assent of at least two of said three firms. The said firms as Managers shall each act as a copartnership, and in case of any change in either of said firms, the respective firms of Speyer & Co., Kuhn, Loeb & Co. and Speyer Brothers, or their respective successor firms, as from time to time constituted, shall continue as Managers, with all the powers, rights and title vested in the Managers hereunder. Neither the Reorganization Committee nor the Managers nor the Depositary assume any personal responsibility for the execution of the Plan, or of this agreement, or any part of either, nor for the result of any steps taken or acts done for the purposes thereof; the Managers, however, undertaking in good faith to endeavor to execute the same. No member of the Reorganization Committee, nor any Depositary nor any of the Managers shall be personally liable for any act or omission of any agent or employee selected in good faith, nor for any error of judgment or mistake of law, nor in any case except for his, its or their own individual wilful malfeasance or neglect, and no member of the Reorganization Committee shall in any case be personally liable for the act or omission of any other member, nor for the acts of any Depositary or of the Managers; nor shall any Depositary or any of the Managers be personally liable for the acts or defaults of the Reorganization Committee or any member thereof, or of any other Depositary, or Manager, or of any Trust Company. The Managers may act through any committee or agents, and may delegate any authority, as well as discretion, to any such committee or agent, and the members of such committee or such agents may be allowed a reasonable compensation for their services hereunder. The Managers shall be entitled to compensation for their services, which shall be fixed by agreement between the Managers and the Reorganization Committee, and as so fixed, shall be finally binding and conclusive upon all parties. The Managers shall have the right to form or procure the formation of any Syndicate or Syndicates which they may deem necessary or advantageous for carrying out the purposes of the Plan, and may act as Managers of such Syndicate or Syndicates. Any member of either firm of the Managers or Depositaries, or any member of the Reorganization Committee, at any time, may be a Voting Trustee, and any of said firms or any member thereof or any Depositary or any member of the Reorganization Committee may be or become pecuniarily interested in any contracts, property or matters which this agreement concerns, including participation in or under any syndicate agreement, as Syndicate Managers, or otherwise, whether or not mentioned in the Plan. Any direction given by the Managers shall be full and sufficient authority for any action of the Depositary or of any Trust Company or of any other custodian or of any committee or agent.

The Reorganization Committee shall be entitled to compensation for their services, which shall be fixed by agreement between the Managers and the Reorganization Committee, and as so fixed, shall be finally binding and conclusive upon all parties. It may discharge any and all reasonable expenses, including counsel fees, by it incurred for any of the purposes of this agreement. Its accounts shall be filed with the Managers, and when approved by the Managers, shall be finally binding and conclusive upon all parties having any interest therein. The compensation of the said Reorganization Committee shall be paid as part of the expenses of the reorganization.

EIGHTH. The Managers may negotiate and contract with any and all companies or persons for obtaining or granting running powers, terminal facilities, exchanges of property, or any other convenience which they

may deem necessary or desirable to obtain or to grant, and may make contracts therefor binding upon such New Company, and generally may ratify and make such purchases, contracts, stipulations or arrangements as will in their opinion operate directly or indirectly to aid in the preservation, improvement, development or protection of any property now constituting the Baltimore and Ohio Railroad System, or which the Railroad Company or any subordinate company has contracted to acquire, or to prevent or avoid opposition to or interference with the successful execution hereof.

NINTH. The accounts of the Managers shall be filed with the Board of Directors of the New Company within one year after its organization shall have been completed, unless a longer time be granted by the said Board. The accounts, when approved by such Board of Directors, shall be final, binding and conclusive upon all parties having any interest therein, and thereupon the Managers shall be discharged. The acceptance of new securities by any depositor shall estop such acceptor from questioning the conformity of such securities in any particular to any provisions of the Plan; and the acceptance of new securities by the holders of a majority in amount of the Certificates of Deposit for any class of securities shall in each case respectively estop all holders of Certificates of Deposit for securities of that class.

TENTH. The enumeration of specific powers hereby conferred shall not be construed to limit or to restrict general powers herein conferred or intended so to be; and it is hereby distinctly declared that it is intended to confer on the Managers, in respect of all securities deposited or to be deposited, and in all other respects, any and all powers which the Managers may deem necessary or expedient in or towards carrying out or promoting the purposes of the Plan and this agreement in any respect, even though any such power be apparently of a character not now contemplated; and the Managers may exercise any and every such power as fully and effectively as if the same were herein distinctly specified, and as often as, for any cause or reason, they may deem expedient. The methods to be adopted for or towards carrying out this agreement shall be entirely discretionary with the Managers.

The bonds, coupons, claims for interest on registered bonds, and other obligations deposited under the Plan and this agreement, and all Receivers' certificates, coupons and claims purchased or otherwise acquired under this agreement, shall remain in full force and effect for all purposes, and shall not be deemed satisfied, released or discharged by any delivery of new securities; and no legal right or lien shall be deemed released or waived, but said bonds and other claims, and any judgment upon any of such claims, including claims and judgments for deficiencies, and all liens and equities, shall remain unimpaired, and may be enforced by the Managers or by the New Company or by any other assign of the Managers until paid or satisfied in full or expressly released. Neither the Managers nor any bondholders or creditors of the Railroad Company, by executing this agreement, or by becoming parties thereto, release, surrender, or waive any lien, right or claim in favor of any stockholders or other creditors of such Company, and all such liens, rights or claims shall vest unimpaired in the Managers and in the New Company, or its assigns, severally and respectively; and any purchase or purchases by or on behalf of the Managers, or the New Company, under any decree for the enforcement of any such lien, right or claim, shall vest the property purchased in the Managers or the New Company free from all interest or claim on the part of any such stockholders, creditors or other parties. No right is conferred, nor any trust, liability or obligation (except the agreements herein contained in favor of the holders of Certificates of Deposit hereunder) is created by the Plan and this agreement, or is assumed hereunder, or by or for any New Company in favor of any bondholder, or any other creditor, or of any holder of any claim whatsoever against the Railroad Company, nor in favor of any Company now existing or to be formed hereafter (whether such claim be based on any bonds, coupons, stocks, securities, lease, guaranty or otherwise), with respect to any securities deposited under this agreement or any moneys paid to, or received by the Managers or by the Depositary hereunder or with respect to any property acquired by purchase at any foreclosure sale, or with respect to any new certificates to be issued hereunder, or with respect to any other matter or thing.

ELEVENTH. All moneys paid under or with reference to the Plan and this agreement shall be paid over to the Managers, who shall as Bankers hold the same subject to application for any of the purposes of the Plan and this agreement as may be most convenient, and as from time to time may be determined by the Managers, whose determination as to the propriety and purpose of any such application shall be final, and nothing in the plan shall be understood as limiting or requiring the application of specific moneys to specific purposes. Any obligation in the nature of floating debt or otherwise against any company or property embraced in the Plan either as proposed or carried out, or any securities held as collateral for any such obligation, may be acquired or extinguished or held by the Managers at such time, in such manner and upon such terms as they may deem proper for the purposes of reorganization, but nothing in the Plan and this agreement contained is intended to constitute, nor shall it constitute, any liability or trust in favor or in respect of any such obligation.

TWELFTH. All calls for the payments to be made by Depositing Stockholders or for the surrender of Certificates of Deposit issued hereunder; all notices fixing or limiting any period for the deposit of securities or for such payments and all other calls or notices hereunder, except when herein otherwise expressly provided, shall be inserted in the "New York Times" and the "New York Tribune," or in two other daily papers of general circulation published in the City of New York, the Baltimore "Sun" and the "Baltimore American," or in two other daily papers of general circulation published in the City of Baltimore, Maryland, and in two daily papers of general circulation published in the City of London, twice in each week for two successive weeks, beginning on any day of the week. Any call or notice whatsoever when so published by the Managers shall be taken and considered as though personally served on all parties hereto and upon all parties bound hereby, as of the respective dates of insertion thereof, and such publication shall be the only notice required to be given under any provision of this Plan and agreement. When a call or notice shall have been advertised as above specified in New York or in London, publication shall be complete as regards all holders of Certificates of Deposit, issued by the Depositary in the city in which such publication shall have been made, and no further publication shall be required in such city.

THIRTEENTH. The Plan and this agreement shall bind and benefit the several parties, including the Depositors hereunder, their and each of their survivors, heirs, executors, administrators, successors and assigns.

In Witness Whereof, a majority of the Reorganization Committee, the Managers, and The Mercantile Trust Company of New York have caused these presents to be duly executed, the day and year first above written, and the parties of the third part have become parties hereto by depositing their securities and accepting certificates of deposit therefor hereunder.